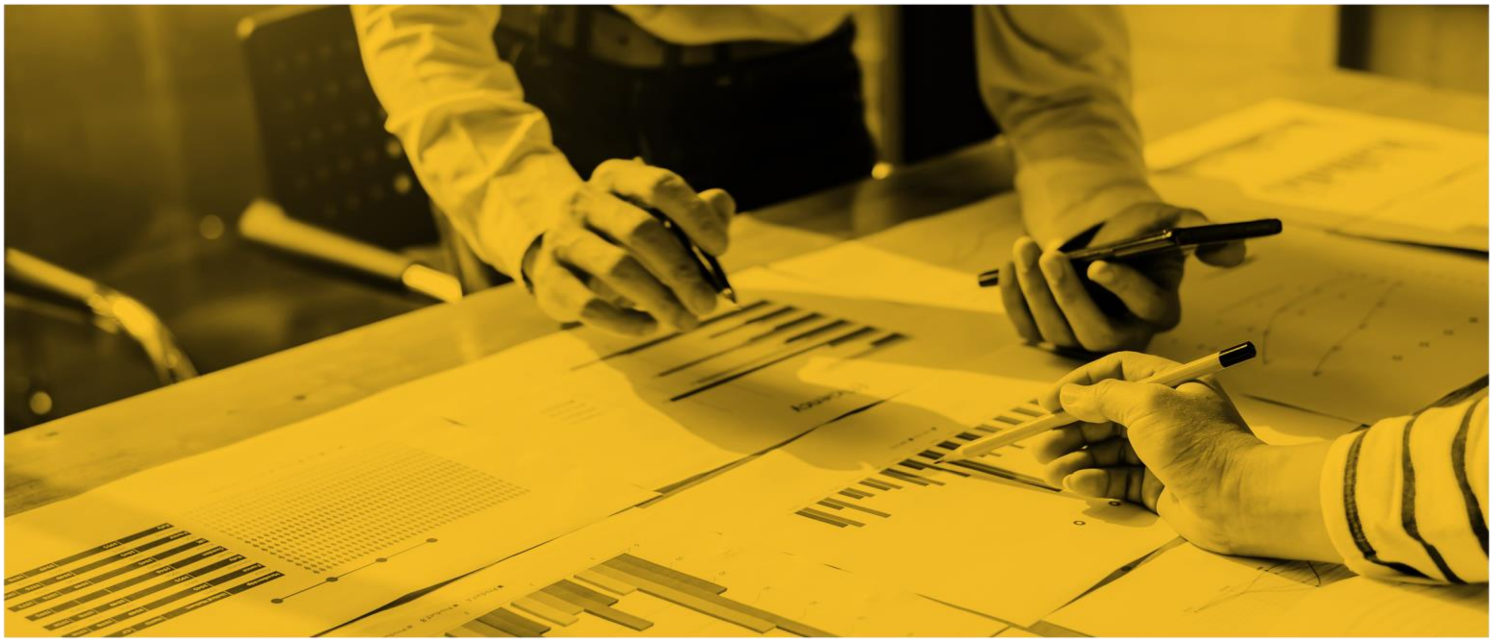

Annual Financial Report

South Washington Watershed District

Woodbury, Minnesota

For the year ended December 31, 2023

Abdo
Lighting the path forward

Edina Office
5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office
100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

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14500 N Northsight Blvd, Ste 233
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South Washington Watershed District
Woodbury, Minnesota
Annual Financial Report
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For the Year Ended December 31, 2023

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INTRODUCTORY SECTION

SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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South Washington Watershed District
Woodbury, Minnesota
Board of Managers and Appointed Officials
For the Year Ended December 31, 2023

BOARD OF MANAGERS

Name	Title	Term Expires
Brian Johnson	President	05/01/25
Sharon Doucette	Vice President	05/01/23
Kevin ChapdeLaine	Treasurer	05/01/25
Mike Madigan	Secretary	05/01/23
Emily Stephens	2nd Vice President	05/01/24

APPOINTED OFFICIALS

John Loomis	Administrator	

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FINANCIAL SECTION

SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Managers
South Washington Watershed District
Woodbury, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Washington Watershed District, Minnesota (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023 and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District's and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We the believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Office of the State auditor, as described in Note 1B. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page and the Schedules of Employer's Share of the Net Pension Liability and Schedules of Employer's Contributions on page 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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Minneapolis, Minnesota
April 29, 2024

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Management’s Discussion and Analysis

As management of the South Washington Watershed District (the District), Woodbury, Minnesota, we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

Financial Highlights

- The assets and deferred outflows or resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the District’s ongoing obligations.

- The District’s total net position decreased as shown in the summary of changes in net position table on the following pages. The main reason for the decrease was program and project expenses levied for in previous years paid for in the current audit year.

- For the current fiscal year, the District's governmental funds fund balances are shown in the Financial Analysis of the District's Funds section of the MD&A. The total fund balance decreased in comparison with the prior year. This decrease was mainly due to program and project expenses paid during the current year for projects levied in prior years. The total of unassigned as shown in the governmental fund balance table is available for spending at the District’s discretion.

- The unassigned fund balance in the General fund, as shown in the financial analysis of the District’s funds section, decreased from prior year.

- The District’s total bonded debt decreased during the current fiscal year. This was mainly due regularly scheduled principal payments as shown on the outstanding debt table.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

Figure 1
Required Components of the District's Annual Financial Report

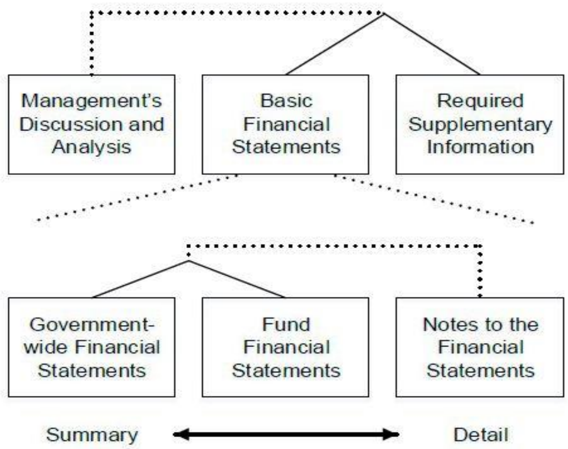


Figure 2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**
Scope	Entire District	The activities of the District
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., grants and earned but unused PTO).

The governmental activities of the District include general government and program costs.

The government-wide financial statements start on page 26 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently maintains two governmental funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its General fund and Management Planning fund. A budgetary comparison statement has been provided for the General fund and a budgetary comparison schedule has been provided for the Planning and Implementation fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements start on page 30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 35 of this report.

Required Supplementary Information. This report also presents certain required supplementary information concerning the progress in funding its obligation to provide pension to its employees. Required supplementary information can be found starting on page 52 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the Summary of Net Position below.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, land improvements, and permanent easements); less any related debt used to acquire those assets that are still outstanding. These assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

South Washington Watershed District's Summary of Net Position

	December 31,		Increase
	2023	2022	(Decrease)
Assets			
Current	$ 14,151,869	$ 16,786,948	$ (2,635,079)
Capital assets, net	18,633,016	18,841,739	(208,723)
Total Assets	32,784,885	35,628,687	(2,843,802)
Deferred Outflows of Resources			
Pension resources	97,449	119,329	(21,880)
Liabilities			
Current	1,571,583	673,104	898,479
Noncurrent	2,599,109	2,945,093	(345,984)
Total Liabilities	4,170,692	3,618,197	552,495
Deferred Outflows of Resources			
Pension resources	107,424	13,405	94,019
Net Position			
Net investment in capital assets	16,389,915	16,341,767	48,148
Restricted	649,090	649,872	(782)
Unrestricted	11,565,213	15,124,775	(3,559,562)
Total Net Position	$ 28,604,218	$ 32,116,414	$ (3,512,196)
Net Position as a Percent of Total			
Net investment in capital assets	57.3 %	50.9 %	
Restricted	2.3	2.0	
Unrestricted	40.4	47.1	
	100.0 %	100.0 %	

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the District's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position, for the District as a whole.

Governmental Activities. Governmental activities increased the District's net position by $3,512,196, which was mostly due to expenses for prior year levies during the year.

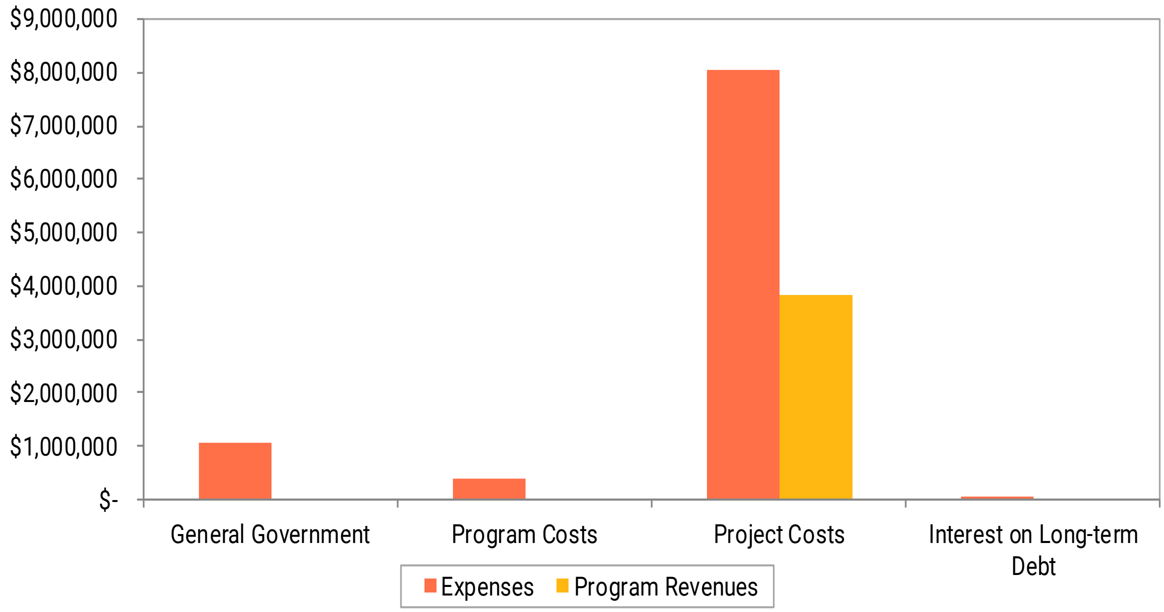
South Washington Watershed District's Changes in Net Position

	December 31, 2023	December 31, 2022	Increase (Decrease)
Revenues			
Program			
Charges for services	$ 2,871,725	$ 2,822,434	$ 49,291
Operating grants and contributions	897,475	61,546	835,929
Capital grants and contribution	39,742	63,830	(24,088)
General			
Property taxes	1,372,596	1,246,743	125,853
Grants and contributions not restricted to specific programs	15,610	720	14,890
Unrestricted investment earnings	758,140	224,459	533,681
Miscellaneous	38,153	5,792	32,361
Total Revenues	5,993,441	4,425,524	1,567,917
Expenses			
General government	1,044,800	760,257	284,543
Program costs	382,793	1,434,132	(1,051,339)
Project costs	8,035,855	792,375	7,243,480
Interest on long-term debt	42,189	49,519	(7,330)
Total Expenses	9,505,637	3,036,283	6,469,354
Change in Net Position	(3,512,196)	1,389,241	(4,901,437)
Net Position, January 1	32,116,414	30,727,173	1,389,241
Net Position, December 31	$ 28,604,218	$ 32,116,414	$ (3,512,196)

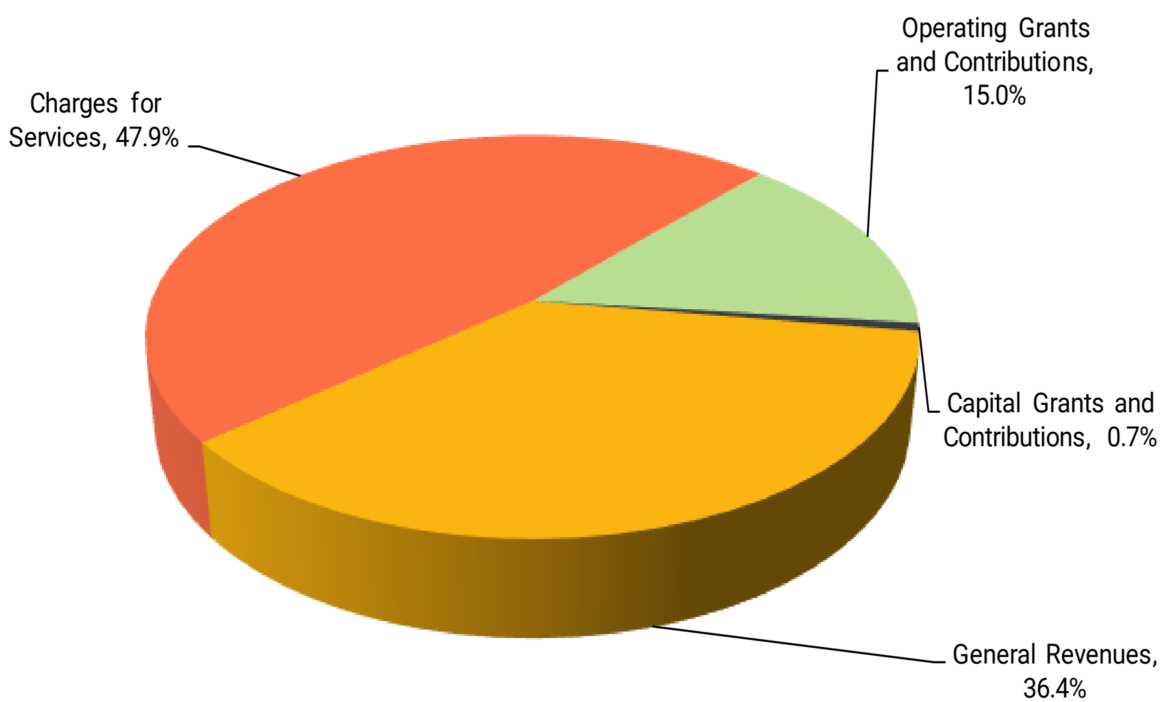
- Overall revenues increased $1,567,917 from the prior year. The main reason for the increase was operating grants and contributions and investment earnings which increased $835,929 and $533,681, respectively.

- Expenses increased $6,469,354 from the prior year. The main reason for the increase was program and project expenses occurring in the current year with levies collected in prior years. The increase is in-line with the District budget and watershed management plan.

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2023.

	General Fund	Planning and Implementation	Debt Service	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances						
Nonspendable - prepaid items	$ 28,437	$ -	$ -	$ 28,437	$ 23,775	$ 4,662
Restricted for debt service	-	-	661,920	661,920	665,884	(3,964)
Committed for planning and implementation	-	11,275,953	-	11,275,953	14,753,625	(3,477,672)
Unassigned	430,505	-	-	430,505	483,991	(53,486)
Total Fund Balances	$ 458,942	$ 11,275,953	$ 661,920	$ 12,396,815	$ 15,927,275	$ (3,530,460)

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances shown above.

The *General fund* is the chief operating fund of the District. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

The fund balance of the District's General fund decreased during the current fiscal year as shown in the table above. The decrease in fund balance was mainly due to budgeting for use of fund balance.

<u>Other Major Funds</u>

	December 31, 2023	December 31, 2022	Increase (Decrease)
Planning and Implementation	$ 11,275,953	$ 14,753,625	$ (3,477,672)

The Planning and Implementation fund balance decreased during the year mainly due to expenses paid for previous year levied projects in line with the Districts Watershed plan.

Debt Service	661,920	665,884	(3,964)

The Debt Service fund balance decreased during the year mainly due current year debt payments exceeding current year levy for taxes. The ending fund balance is restricted for future debt service.

General Fund Budgetary Highlights

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	$ 342,201	$ 403,565	$ 61,364
Expenditures	446,682	452,389	(5,707)
Net Change in Fund Balances	(104,481)	(48,824)	55,657
Fund Balances, January 1	507,766	507,766	-
Fund Balances, December 31	$ 403,285	$ 458,942	$ 55,657

The District's General fund budget was not amended during the year. The budget called for a decrease in fund balance as noted above. Actual revenues were over budget by $61,364 mainly due to investment earnings and actual expenditures were over budget by $5,707 mainly due to other services and charges during the year as shown above.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2023 is shown below. This investment in capital assets includes land, easements, infrastructure, and land improvements.

South Washington Watershed District's Capital Assets
(Net of Depreciation)

	December 31, 2023	December 31, 2022	Increase (Decrease)
Land	$ 9,617,888	$ 9,617,888	$ -
Infrastructure	9,015,128	9,223,851	(208,723)
Total	$ 18,633,016	$ 18,841,739	$ (208,723)
Percent Increase/(Decrease)			-1.1%

Additional information on the District's capital assets can be found in Note 3B on page 43 of this report.

Noncurrent Liabilities

At the end of the current fiscal year, the District had total bonded debt outstanding of $2,499,972, all of which were G.O bonds. While all of the District's bonds have revenue streams, they are all backed by the full faith and credit of the District.

South Washington Watershed District's Noncurrent Liabilities

	December 31, 2023	December 31, 2022	Increase (Decrease)
Bonds Payable	$ 2,243,101	$ 2,499,972	$ (256,871)
Percent Increase/(Decrease)			-10.3%

The District's total noncurrent liabilities decreased during the current fiscal year. The decrease can be attributed to regularly scheduled principal payments.

Additional information on the District's noncurrent liabilities can be found in Note 3C starting on page 44 of this report.

Economic Factors and Next Year's Budgets

The economic outlook for the District is strong with continued growth through the development of residential and commercial property. All cities and townships have updated comprehensive land use plans to provide expanded development opportunities. With continued development, the District will experience steady growth in values and tax base. The District collects stormwater utility fees which provide the majority of the revenue for projects. Development, particularly in residential units creates steady growth in the Districts stormwater utility fees. Stormwater utility fees have seen an average increase of 800 units over the past 5 years. The future budget will migrate revenue towards three program areas of resiliency, watershed restoration and coordinated capital projects.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to John Loomis, Administrator, South Washington Watershed District, 2302 Tower Drive, Woodbury, MN 55125.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

South Washington Watershed District

Woodbury, Minnesota
Statement of Net Position
December 31, 2023

	Governmental Activities
Assets	
Cash and temporary investments	$ 13,758,403
Receivables	
Stormwater utility fees	48,345
Taxes	15,178
Due from other governments	301,506
Prepaid items	28,437
Capital assets	
Nondepreciable assets	9,617,888
Depreciable assets, net of accumulated depreciation	9,015,128
Total Assets	32,784,885
Deferred Outflows of Resources	
Deferred pension resources	97,449
Liabilities	
Accounts payable	1,491,716
Accrued salaries payable	25,056
Accrued interest	15,589
Unearned revenue	39,222
Noncurrent liabilities	
Due within one year	
Long-term liabilities	297,862
Due in more than one year	
Long-term liabilities	1,988,101
Net pension liability	313,146
Total Liabilities	4,170,692
Deferred Inflows of Resources	
Deferred pension resources	107,424
Net Position	
Net investment in capital assets	16,389,915
Restricted for debt service	649,090
Unrestricted	11,565,213
Total Net Position	$ 28,604,218

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District
Woodbury, Minnesota
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
General government	$ 1,044,800	$ -	$ -	$ -	$ (1,044,800)
Program costs	382,793	-	-	-	(382,793)
Project costs	8,035,855	2,871,725	897,475	39,742	(4,226,913)
Interest on long-term debt	42,189	-	-	-	(42,189)
Total	$ 9,505,637	$ 2,871,725	$ 897,475	$ 39,742	$ (5,696,695)
General Revenues					
Property taxes					1,372,596
Grants and contributions not restricted to specific programs					15,610
Unrestricted investment earnings					758,140
Miscellaneous					38,153
Total General Revenues					2,184,499
Change in Net Position					(3,512,196)
Net Position, January 1					32,116,414
Net Position, December 31					$ 28,604,218

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

South Washington Watershed District
Woodbury, Minnesota
Balance Sheet
Governmental Funds
December 31, 2023

	General	Planning and Implementation	Debt Service	Total Governmental Funds
Assets				
Cash and temporary investments	$ 449,239	$ 12,648,243	$ 660,921	$ 13,758,403
Receivables				
Stormwater utility fees	-	44,037	4,308	48,345
Taxes	4,286	10,892	-	15,178
Due from other governments	78	301,428	-	301,506
Prepaid items	28,437	-	-	28,437
Total Assets	$ 482,040	$ 13,004,600	$ 665,229	$ 14,151,869
Liabilities				
Accounts payable	$ 10,229	$ 1,480,937	$ 550	$ 1,491,716
Accrued salaries payable	10,302	14,754	-	25,056
Unearned revenue	-	39,222	-	39,222
Total Liabilities	20,531	1,534,913	550	1,555,994
Deferred Inflows of Resources				
Unavailable revenue - taxes	2,567	5,715	-	8,282
Unavailable revenue - stormwater utility fees	-	28,019	2,759	30,778
Unavailable revenue - intergovernmental	-	160,000	-	160,000
Total Deferred Inflows of Resources	2,567	193,734	2,759	199,060
Fund Balances				
Nonspendable for prepaid items	28,437	-	-	28,437
Restricted for debt service	-	-	661,920	661,920
Committed for planning and implementation	-	11,275,953	-	11,275,953
Unassigned	430,505	-	-	430,505
Total Fund Balances	458,942	11,275,953	661,920	12,396,815
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 482,040	$ 13,004,600	$ 665,229	$ 14,151,869

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District
Woodbury, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2023

Amounts reported for the governmental activities in the statement of net position are different because

Total Fund Balances - Governmental	$ 12,396,815
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	20,051,708
Less accumulated depreciation	(1,418,692)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences payable	(42,862)
Bonds payable	(2,195,000)
Bond premium	(48,101)
Net pension liability	(313,146)
Some receivables are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds.	
Taxes receivable	8,282
Stormwater utility fees	30,778
Intergovernmental	160,000
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	97,449
Deferred inflows of pension resources	(107,424)
Governmental funds do not report a liability for accrued interest until due and payable	(15,589)
Total Net Position - Governmental Activities	$ 28,604,218

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District

Woodbury, Minnesota

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2023

	General	Planning and Implementation	Debt Service	Total Governmental Funds
Revenues				
Property taxes	$ 340,682	$ 1,025,873	$ -	$ 1,366,555
Stormwater utility fees	-	2,610,818	252,546	2,863,364
Intergovernmental	199	203,561	-	203,760
Interest on investments	61,669	651,421	45,050	758,140
Miscellaneous	1,015	806,166	-	807,181
Total Revenues	403,565	5,297,839	297,596	5,999,000
Expenditures				
Current				
General government	452,389	565,586	-	1,017,975
Programs	-	382,793	-	382,793
Capital				
Project	-	7,827,132	-	7,827,132
Debt service				
Principal	-	-	250,000	250,000
Interest and other	-	-	51,560	51,560
Total Expenditures	452,389	8,775,511	301,560	9,529,460
Net Change in Fund Balances	(48,824)	(3,477,672)	(3,964)	(3,530,460)
Fund Balances, January 1	507,766	14,753,625	665,884	15,927,275
Fund Balances, December 31	$ 458,942	$ 11,275,953	$ 661,920	$ 12,396,815

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District

Woodbury, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2023

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	$	(3,530,460)
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Depreciation expense		(208,723)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities		
Principal repayments		250,000
Amortization of bond premium		6,871
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.		2,500
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.		
Property taxes		6,041
Stormwater utility fees		8,361
Intergovernmental		(20,000)
Long-term pension activity is not reported in governmental funds.		
Pension expense		(25,162)
Pension revenue		39
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences payable		(1,663)
Change in Net Position - Governmental Activities	$	(3,512,196)

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District

Woodbury, Minnesota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	$ 342,201	$ 342,201	$ 340,682	$ (1,519)
Intergovernmental	-	-	199	199
Interest on investments	-	-	61,669	61,669
Miscellaneous	-	-	1,015	1,015
Total Revenues	342,201	342,201	403,565	61,364
Expenditures				
Current				
General government				
Operational services	308,721	308,721	305,634	3,087
Supplies	5,000	5,000	6,358	(1,358)
Other services and charges	132,961	132,961	140,397	(7,436)
Total Expenditures	446,682	446,682	452,389	(5,707)
Net Change in Fund Balances	(104,481)	(104,481)	(48,824)	55,657
Fund Balances, January 1	507,766	507,766	507,766	-
Fund Balances, December 31	$ 403,285	$ 403,285	$ 458,942	$ 55,657

The notes to the financial statements are an integral part of this statement.

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The South Washington Watershed District (the District), Woodbury, Minnesota was originally created in 1993 under the name of Cottage Grove Ravine Watershed District by the Minnesota Board of Water and Soil Resources (the Board) as provided in Minnesota Statutes Chapter 103D. In July 1994, the District changed its name to South Washington Watershed District. The District is operated by a five member Board of Managers originally appointed by the Board. Subsequent appointments will be made by Washington County.

The District has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The District has no component units that meet the GASB criteria.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as p*rogram revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Charges for service, assessments to members, grants and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the organization.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlement and donations. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The District reports the following major governmental funds:

The *General fund* is the District's primary operating fund. It accounts for all financial resources not accounted for in a different fund of the District.

The *Planning and Implementation fund* is established to account for expenditures related to the preparation and implementation of the Watershed Management Plan. Property taxes and stormwater utility fees are committed for planning and implementation

The *Debt service fund* accounts for the resources accumulated and payments made for principal and interest on long term general obligation debt of governmental funds.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

The District's cash and temporary investments are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

Note 1: Summary of Significant Accounting Policies (Continued)

The District may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The District does not have deposits at December 31, 2023.

The broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares. The District does not have a formal investment policy.

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the District's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The Board of Managers annually adopts a tax levy and certifies it to the County in December of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the District, the local School District and other taxing authorities. Such taxes become a lien on January 1st and are recorded as receivables by the District at that date. Real property taxes are payable (by property owners) on May 15th and October 15th of each calendar year. Personal property taxes are payable by taxpayers on February 28th and June 30th of each year. These taxes are collected by the County and remitted to the District on or before July 7th and December 2nd of the same year. The District has no ability to enforce payments of property taxes by property owners. The County possesses this authority.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the fund financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are recorded as prepaid items. The District uses the consumption method to account for all prepaid items.

Capital Assets

Capital assets, which include land, land improvements and easements are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

GASB Statement No. 34 required the District to report and depreciate new infrastructure assets effective with the beginning of the 2004 calendar year. Infrastructure assets include lake improvements, dams and drainage systems. Neither their historical cost nor related depreciation has historically been reported in the financial statements. For governmental entities with total annual revenues of less than $10 million for the fiscal year ended December 31, 1999 the retroactive reporting of infrastructure is not required under the provisions of GASB Statement No. 34. The District implemented the general provisions of GASB Statement No. 34 in the 2004 calendar year and has elected not to report infrastructure assets acquired in years prior to 2004.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Infrastructure	48 - 50

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30th. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense recognized by the District for the year ended December 31, 2023, was $63,592.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which is paid to the employee upon separation. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, stormwater utility fees and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board, which is the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board itself or by an official to which the governing body delegates the authority.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

The Board of Managers adopts an annual budget for the General and Management Planning fund of the District on an annual basis. During the budget year, supplemental appropriations and deletions are or may be authorized by the Board. The modified accrual basis of accounting is used by the District for budgeting data. All appropriations end with the fiscal year for which they were made. The District does not use encumbrance accounting.

The District monitors budget performance on the fund basis. All amounts over budget have been approved by the Board through the disbursement process. The budget was not amended in 2023.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2023, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	$ 446,682	$ 452,389	$ (5,707)

The excess expenditures were funded by revenues over appropriations.

Note 3: Detailed Notes on Accounts

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the District’s deposits and investments may not be returned or the District will not be able to recover collateral securities in the possession of an outside party.

In accordance with Minnesota statutes and as authorized by the Board, the District maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

The District does not have deposits at December 31, 2023.

Note 3: Detailed Notes on Accounts (Continued)

Investments

Minnesota statutes require that all District deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;

- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;

- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;

- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and

- Time deposits that are fully insured by any Federal agency.

The investments of the District are subject to the following risks:

- *Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. The District follows State Statutes in regards to credit risk of investments. The District policy does not further limit investment choices.

- *Custodial Credit Risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District does not have an investment policy to address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.

- *Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount that may be invested in any one issuer.

- *Interest Rate Risk.* This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have an investment policy to address interest rate risk, however, manages exposure to declines in fair values by limiting a majority of investments to less than five years. Extended maturities may be utilized to take advantage of higher yields; however, no more than 40 percent of the total investments should extend beyond five years as of the total investment figure as of January first of each year and in no circumstance should any extend beyond 10 years.

Note 3: Detailed Notes on Accounts (Continued)

At year end, the District's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount
Pooled Investments at Amortized Costs			
4M Fund	N/A	less than 6 months	$ 13,758,403

(1) Ratings are provided by Moody's where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

B. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not being Depreciated				
Land	$ 9,617,888	$ -	$ -	$ 9,617,888
Capital Assets, being Depreciated				
Infrastructure	10,433,820	-	-	10,433,820
Less Accumulated Depreciation for				
Infrastructure	(1,209,969)	(208,723)	-	(1,418,692)
Total Capital Assets being Depreciated, Net	9,223,851	(208,723)	-	9,015,128
Governmental Activities Capital Assets, Net	$ 18,841,739	$ (208,723)	$ -	$ 18,633,016

Depreciation expense charged to the project costs function for 2023 was $208,723.

Construction Commitment

The District has an active construction project as of December 31, 2023. At year end the commitment with the contract is as follows:

Project	Spent to date	Remaining Commitment
Wilmes Alum Treatment Facility	$ 2,572,830	$ 1,812,908

Note 3: Detailed Notes on Accounts (Continued)

C. Long-term Debt

General Obligation (G.O.) Bonds.

The District issued general obligation bonds in 2011 to finance a portion of the water quality improvement projects related to the City of Cottage Grove, drainage improvements related to the City of Newport and Grey Cloud Island Slough Crossing Project. The bonds are direct obligations and pledge the full faith and credit to the District.

As of December 31, 2023, the long-term bonded debt of the District is as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O Crossover Refunding Bonds, 2016A	$ 3,070,000	2.00 - 3.00 %	3/15/2016	3/1/2031	$ 2,195,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	$ 255,000	$ 44,215	$ 299,215
2025	265,000	39,015	304,015
2026	265,000	33,715	298,715
2027	275,000	28,315	303,315
2028	275,000	22,678	297,678
2029-2031	860,000	30,485	890,485
Total	$ 2,195,000	$ 198,423	$ 2,393,423

<u>Changes in Long-term Liabilities</u>

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities					
Bonds Payable					
General Obligation Bonds	$ 2,445,000	$ -	$ (250,000)	$ 2,195,000	$ 255,000
Add					
Premium on bonds	54,972	-	(6,871)	48,101	-
Total Bonds Payable	2,499,972	-	(256,871)	2,243,101	255,000
Compensated Absences Payable	41,199	44,702	(43,039)	42,862	42,862
Total Governmental Activities	$ 2,541,171	$ 44,702	$ (299,910)	$ 2,285,963	$ 297,862

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the District are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

C. Contributions

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were $38,430, $29,353 and $29,044, respectively. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the District reported a liability of $313,146 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $8,701. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0056 percent at the end of the measurement period and 0.0051 percent for the beginning of the period.

District Proportionate Share of the Net Pension Liability	$ 313,146
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District	8,701
Total	$ 321,847

For the year ended December 31, 2023, the District recognized pension expense of $63,553 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized $39 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2023, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 10,063	$ 2,042
Changes in Actuarial Assumptions	47,907	85,831
Net Difference Between Projected and Actual Investment Earnings	-	17,416
Changes in Proportion	19,800	2,135
Contributions Paid to PERA Subsequent to the Measurement Date	19,679	-
Total	$ 97,449	$ 107,424

The $19,679 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	$ 11,197
2025	(37,788)
2026	3,730
2027	(6,793)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.0 %	

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

H. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	$ 553,980	$ 313,146	$ 115,050

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Note 5: Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries insurance. The District pays annual premiums for its workers compensation and property and casualty insurance. Settled claims have not exceeded the District's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The District's management is not aware of any incurred but not reported claims.

B. Stormwater Utility Fees

In 2004, the District implemented a stormwater utility fee pursuant to Minnesota Statutes Chapter 444.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

South Washington Watershed District
Woodbury, Minnesota
Required Supplementary Information
December 31, 2023

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0056 %	$ 313,146	$ 8,701	$ 321,847	$ 445,921	70.2 %	83.1 %
06/30/22	0.0051	403,922	11,956	415,878	415,661	97.2	76.7
06/30/21	0.0053	226,334	6,960	233,294	381,873	59.3	87.0
06/30/20	0.0049	293,777	8,967	302,744	348,523	84.3	79.0
06/30/19	0.0051	281,968	8,833	290,801	360,140	78.3	80.2
06/30/18	0.0052	288,475	9,514	297,989	347,225	83.1	79.5
06/30/17	0.0052	331,965	4,202	336,167	308,713	107.5	75.9
06/30/16	0.0052	422,214	5,548	427,762	322,277	131.0	68.9
06/29/15	0.0048	248,761	-	248,761	275,184	90.4	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2023	$ 38,430	$ 38,430	$ -	$ 512,403	7.5 %
12/31/2022	29,353	29,353	-	391,370	7.5
12/31/2021	29,044	29,044	-	387,247	7.5
12/31/2020	29,790	29,790	-	397,200	7.5
12/31/2019	26,145	26,145	-	348,597	7.5
12/31/2018	26,539	26,539	-	353,853	7.5
12/31/2017	23,712	23,712	-	316,154	7.5
12/31/2016	24,670	24,670	-	328,939	7.5
12/31/2015	23,445	23,445	-	312,600	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)

Changes in Plan Provisions

2023 – An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010 was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024 was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The state's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

COMBINING SCHEDULES

SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

South Washington Watershed District

Woodbury, Minnesota

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Planning and Implementation Fund

For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	$ 1,030,446	$ 1,030,446	$ 1,025,873	$ (4,573)
Stormwater utility fees	2,584,500	2,584,500	2,610,818	26,318
Intergovernmental	-	-	203,561	203,561
Interest on investments	-	-	651,421	651,421
Miscellaneous	-	-	806,166	806,166
Total Revenues	3,614,946	3,614,946	5,297,839	1,682,893
Expenditures				
Current				
General government	625,100	625,100	565,586	59,514
Programs	453,620	453,620	382,793	70,827
Capital				
Projects	11,217,450	11,217,450	7,827,132	3,390,318
Total Expenditures	12,296,170	12,296,170	8,775,511	3,520,659
Net Change in Fund Balances	(8,681,224)	(8,681,224)	(3,477,672)	5,203,552
Fund Balances, January 1	14,753,625	14,753,625	14,753,625	-
Fund Balances, December 31	$ 6,072,401	$ 6,072,401	$ 11,275,953	$ 5,203,552

South Washington Watershed District
Woodbury, Minnesota
Planning and Implementation Fund
Combining Balance Sheet
December 31, 2023

	01 Planning Fund	02 Regulatory	03 Implementation and Maintenance	04 Education	Total
Assets					
Cash and temporary investments	$ 2,783,756	$ 189,031	$ 9,098,174	$ 577,282	$ 12,648,243
Receivables					
Stormwater utility fees	281	-	43,756	-	44,037
Taxes	598	194	9,543	557	10,892
Due from other governments	3,734	-	297,694	-	301,428
Total Assets	$ 2,788,369	$ 189,225	$ 9,449,167	$ 577,839	$ 13,004,600
Liabilities					
Accounts payable	$ 12,098	$ 899	$ 1,458,545	$ 9,395	$ 1,480,937
Accrued salaries payable	4,212	754	8,714	1,074	14,754
Unearned revenue	-	-	-	39,222	39,222
Total Liabilities	16,310	1,653	1,467,259	49,691	1,534,913
Deferred Inflows of Resources					
Unavailable revenues - taxes	-	-	5,715	-	5,715
Unavailable revenues - stormwater utility fees	-	-	28,019	-	28,019
Unavailable revenues - intergovernmental	-	-	160,000	-	160,000
Total Deferred Inflows of Resources	-	-	193,734	-	193,734
Fund Balances					
Committed for planning and implementation	2,772,059	187,572	7,788,174	528,148	11,275,953
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,788,369	$ 189,225	$ 9,449,167	$ 577,839	$ 13,004,600

South Washington Watershed District

Woodbury, Minnesota

Planning and Implementation Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended December 31, 2023

	01 Planning Fund	02 Regulatory	03 Implementation and Maintenance	04 Education	Total
Revenues					
Property taxes	$ 118,480	$ 38,537	$ 758,575	$ 110,281	$ 1,025,873
Stormwater utility fees	45,748	-	2,565,070	-	2,610,818
Intergovernmental	69	22	200,910	2,560	203,561
Interest on investments	29,610	6,975	594,874	19,962	651,421
Miscellaneous	8,459	500	781,668	15,539	806,166
Total Revenues	202,366	46,034	4,901,097	148,342	5,297,839
Expenditures					
Current					
General government	264,011	21,350	253,786	26,439	565,586
Programs	-	88,977	264,196	29,620	382,793
Capital					
Projects	-	-	7,730,108	97,024	7,827,132
Total Expenditures	264,011	110,327	8,248,090	153,083	8,775,511
Net Change in Fund Balances	(61,645)	(64,293)	(3,346,993)	(4,741)	(3,477,672)
Fund Balances, January 1	2,833,704	251,865	11,135,167	532,889	14,753,625
Fund Balances, December 31	$ 2,772,059	$ 187,572	$ 7,788,174	$ 528,148	$ 11,275,953

OTHER REQUIRED REPORT

SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Board of Managers
South Washington Watershed District
Woodbury, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and each major fund of the South Washington Watershed District (the District), Woodbury, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements and have issued our report thereon dated April 29, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use those charged with governance and management of the District and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

Abdo

Abdo
Minneapolis, Minnesota
April 29, 2024